

AMENDED IN ASSEMBLY APRIL 16, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 1951

Introduced by Assembly Member Atkins

February 23, 2012

An act to amend Sections 50705, 50708, and 53545.9 of, and to repeal Section 50707 of, the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 1951, as amended, Atkins. Housing bonds.

Existing law, the Housing and Emergency Shelter Trust Fund Act of 2006, authorizes the issuance of bonds to finance various housing programs, capital outlay related to infill development, brownfield cleanup that promotes infill development, housing-related parks, and transit-oriented development programs. The act establishes the Housing and Emergency Shelter Trust Fund of 2006 in the State Treasury and requires the sum of \$1,500,000,000 to be deposited in the Affordable Housing Account, which the act establishes in the fund. The act continuously appropriates the money in the account in accordance with a specified schedule that requires, among other things, the transfer of the sum of \$100,000,000 to the Affordable Housing Innovation Fund, which the act establishes in the State Treasury, to be administered by the Department of Housing and Community Development. Existing law requires the funds in the Affordable Housing Innovation Fund to be allocated in the amount of \$50,000,000 for the Affordable Housing Revolving Development and Acquisition Program, of which \$25,000,000 would be made available to the Loan Fund and \$25,000,000 would be

made available to the Practitioner Fund; \$5,000,000 for the Construction Liability Insurance Reform Pilot Program; \$35,000,000 for a local housing trust fund matching grant program established under a specified provision of existing law; and \$10,000,000 for the Innovative Homeownership Program.

This bill would repeal the provisions relating to the Practitioner Fund and make conforming changes. This bill would delete the provisions establishing the Construction Liability Insurance Reform Pilot Program. *The bill would allocate \$30,000,000 from the fund for the Multifamily Housing Program.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 50705 of the Health and Safety Code is
2 amended to read:

3 50705. (a) The Affordable Housing Revolving Development
4 and Acquisition Program is hereby established for the purpose of
5 funding the acquisition of property to develop or preserve
6 affordable housing. The program will be comprised of a Loan
7 Fund.

8 (b) The department shall adopt guidelines for the operation of
9 the program. The guidelines shall not be subject to the requirements
10 of Chapter 3.5 (commencing with Section 11340) of Part 1 of
11 Division 3 of Title 2 of the Government Code. The department
12 shall adopt regulations for the program prior to issuing any request
13 for qualifications funded with loan repayments or any other
14 sources.

15 SEC. 2. Section 50707 of the Health and Safety Code is
16 repealed.

17 SEC. 3. Section 50708 of the Health and Safety Code is
18 amended to read:

19 50708. The department shall collect all of the following from
20 each borrower and include a summary of this information in its
21 last annual report submitted to the Legislature on or before
22 December 31, 2013, pursuant to Section 50408:

23 (a) A general description of activities undertaken pursuant to
24 this chapter.

1 (b) For each property acquired, the acquisition price; the amount
2 and terms of the nonstate funds leveraged, and a statement as to
3 whether the state acquisition funds were essential to the leveraging
4 of these other acquisition funds; a description of the expiration
5 date of the project's rent or sales restrictions; the number of assisted
6 units created or preserved; the amount of state funds required for
7 each assisted unit created or preserved; and the level of
8 affordability maintained.

9 (c) If any borrower sells any property acquired with assistance
10 through these state funds, a description of the name and location
11 of the purchaser, the purchase price, and the total transaction costs.

12 (d) An overall assessment of the effectiveness of these funds as
13 tools in creating and preserving affordable housing.

14 SEC. 4. Section 53545.9 of the Health and Safety Code is
15 amended to read:

16 53545.9. Of the one hundred million dollars (\$100,000,000)
17 transferred to the Affordable Housing Innovation Fund established
18 in the State Treasury under subparagraph (F) of paragraph (1) of
19 subdivision (a) of Section 53545, the following amounts shall be
20 allocated as follows:

21 (a) (1) The department shall make available the amount of fifty
22 million dollars (\$50,000,000) for the Affordable Housing
23 Revolving Development and Acquisition Program.

24 (2) Of the amount made available for the program, twenty-five
25 million dollars (\$25,000,000) shall be made available for the Loan
26 Fund.

27 (b) The department shall make available the amount of
28 thirty-five million dollars (\$35,000,000) for the local housing trust
29 fund matching grant program established under Section 50843.5.
30 The department shall make available 50 percent of this amount
31 exclusively for newly established housing trust funds.

32 (1) When awarding grants from the funds allocated under this
33 subdivision to existing trust funds, the department shall grant
34 preference to a housing trust fund that agrees to expend more than
35 65 percent of state funds for the purpose of downpayment
36 assistance to first-time homebuyers.

37 (2) When awarding grants from the funds allocated under this
38 subdivision to newly established housing trust funds, the
39 department shall set aside funding, for a period of 36 months from
40 the date funds are first made available, for newly established

1 housing trust funds that are in a county with a population of less
2 than 425,000 persons, based on the decennial United States Census
3 for the year 2000.

4 (3) (A) Notwithstanding any other law, funds set aside for
5 newly established housing trust funds shall be available for
6 encumbrance for 42 months after the date the funds are first made
7 available and disbursements in liquidation of the encumbrance
8 shall be made before or during 48 months after the date funds are
9 first made available.

10 (B) Notwithstanding subparagraph (F) of paragraph (1) of
11 subdivision (a) of Section 53545, any funds not encumbered for
12 newly established housing trust funds within 42 months after the
13 date the funds are first made available shall revert to the Self-Help
14 Housing Fund created by Section 50697.1 and shall be available
15 for the purposes described in subparagraph (D) of paragraph (1)
16 of subdivision (a) of Section 53545.

17 (c) The department shall make available the amount of ten
18 million dollars (\$10,000,000) for the Innovative Homeownership
19 Program, which the department shall develop and implement as
20 follows:

21 (1) The program shall be designed to increase or maintain
22 affordable homeownership opportunities for Californians with
23 lower incomes.

24 (2) The department shall adopt guidelines for the program that,
25 among other things, shall maximize the number of units assisted,
26 limit the expenditure of funds for administrative costs, and
27 maximize the leverage of public and private financing sources.

28 (3) The guidelines adopted by the department shall provide for
29 the issuance of a notice of funding availability soliciting
30 competitive proposals for the use of funds consistent with those
31 guidelines and with subparagraph (F) of paragraph (1) of
32 subdivision (a) of Section 53545.

33 (4) The guidelines adopted by the department shall not be subject
34 to the requirements of Chapter 6.5 (commencing with Section
35 11340) of Part 1 of Division 3 of Title 2 of the Government Code.

36 (5) The department shall include within the annual report
37 required under Section 50408 a detailed summary and description
38 of the manner in which funds made available under this subdivision
39 were expended during the previous year and a statement regarding
40 the manner in which those expenditures meet the intent of the

1 Legislature and the voters that funds from the Innovative Housing
2 Fund be expended in support of innovative, cost-saving approaches
3 to creating or preserving affordable housing.

4 *(d) The department shall make available the amount of thirty*
5 *million dollars (\$30,000,000) for the Multifamily Housing Program*
6 *authorized by Chapter 6.7 (commencing with Section 50675) of*
7 *Part 2 of Division 31.*

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